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# China Report

ECONOMIC AFFAIRS



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CHINA REPORT  
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## FINANCE AND BANKING

### XIZANG GOVERNMENT URGES STRENGTHENING FINANCIAL MANAGEMENT

HK251000 Lhasa Xizang Regional Service in Mandarin 1130 GMT 24 Jun 84

[Excerpts] When approving and conveying a report of the regional Finance Department concerning suggestions on improving financial management, the regional People's Government recently urged various localities and various departments to strengthen their management of finances and strengthen supervision over auditing departments. Financial management and auditing work should be interdependent and should be coordinated with each other so that we can do well in the region's financial work.

In its report to the regional People's Government, the regional Finance Department proposed suggestions on improving financial management in six areas. The suggestions are:

First, change the method of borrowing and transferring the balance of special funds. Except for supporting the balance of people's communes' construction investment, and for paying internal expenses arising from the region's centralized financial expenditures, redemption funds and expenses for implementing policies, the balance of all special funds for borrowing and transferring in the fiscal year following the settlement of 1983 accounts will not be borrowed against or transferred as special funds but must be coordinated by the financial departments at various levels.

Second, in order to accumulate funds and to promote development in various areas, this fiscal year we are going to restore the budgetary special fund which will be distributed through study between the Finance Department and the responsible departments. At the same time, the responsible departments should make known to the lower levels their plans for establishing experimental units as well as their requirements for growing cash crops.

Third, starting from 1985, the increased rate of subsidies of the regional Finance Department to prefectural and city financial departments will be increased from 7 percent to 8 percent, and the subsidies of prefectural and city financial departments to county financial departments will also be increased correspondingly.

Fourth, various prefectures, cities and counties must strengthen their leadership over the utilization of funds, which are mainly used in the development of agriculture and animal husbandry, energy resources, transportation, public health and the nationality handicraft industry.

Fifth, we should strengthen the building of financial departments at the county level and give full play to the role of finance departments at the county level. The finance departments at the county level must actively increase their revenues in a planned way and by finding new channels. They must make overall plans for expenditures and revenue to promote the economic development in their counties and to constantly improve the people's living standard. Various regional, prefectural and city departments must value the authority of financial departments at the county level and must not intervene too much.

Sixth, the regional Finance Department is still responsible for formulating and promulgating the region's financial rules, regulations, and criteria. All localities and departments must strictly observe them. Nobody is allowed to go beyond the limits or to violate them, nor is anybody allowed to increase expenses by pushing up expenditure levels or by practicing apportioning.

CSO: 4006/619

## FINANCE AND BANKING

### NINGXIA'S 1983 FINAL ACCOUNTS, 1984 BUDGET

HK201331 Yinchuan NINGXIA RIBAO in Chinese 15 May 84 p 2

["Summary of the Report on Ningxia's Financial Final Accounts for 1983 and Draft Financial Budget for 1984 Delivered by Lei Ming [7191 7686], Deputy Director of the Regional Financial Department at the Second Session of the Fifth Regional People's Congress on 25 April 1984"]

#### [Text] I. Final Accounts for 1983

Under the guidance of the principles and policies of the CPC Central Committee, under the correct leadership of the regional CPC Committee, and with the concerted efforts of the people of various nationalities throughout the region, all the fronts have scored remarkable achievements in 1983 and the entire national economy is embarking on the path of coordinated development and steady growth. Thanks to the development of the economy and the attainment of better results, the budgeted revenue and expenditure has been properly accomplished. Local revenue in 1983 totaled 168.45 million yuan, exceeding the budgeted figure by 22.2 percent and increasing by 20.6 percent over 1982, of which:

Receipts from industrial enterprises totaled 21.75 million yuan (including the income tax and profits of state enterprises), exceeding the budgeted figure by 230 percent and increasing by more than 10 fold over 1982.

Industrial and commercial tax receipts came to 156.85 million yuan, exceeding the budgeted figure by 10.5 percent and increasing by 10.8 percent over 1982.

Receipts from commerce and supply and marketing enterprises totaled 22.27 million yuan, 91.3 percent of the budgeted figure and an increase of 13 percent over the previous year.

The deficits incurred by grain enterprises amounted to 27.92 million yuan, exceeding the budgeted figure by 21.4 percent and increasing by 300 percent over 1982. Price subsidies for grain and oil amounted to 22.6 million yuan, exceeding the budgeted figure by 7.6 percent. The mountainous areas in the south being hit by a natural calamity was the main cause for the increasing grain deficit. The large amount of resold grain increased the deficits to around 10 million yuan.

Local expenditure in 1983 totaled 694.81 million yuan, 81.3 percent of the budgeted figure and an increase of 21.7 percent over 1982, of which:

Budgetary appropriations for capital construction totaled 148.44 million yuan, 94.6 percent of the budgeted figure and an increase of 41.8 percent over 1982.

Funds to tap the potential of existing enterprises, finance their technical transformation, and subsidize the technical transformation of the "five types of small enterprises" amounted to 43.15 million yuan, 91.2 percent of the budgeted figure and an increase of 47.3 percent over 1982.

Expenditures for aiding agriculture totaled 117.87 million yuan, 84.3 percent of the budgeted figure and an increase of 3.1 percent over 1982.

Expenses for city maintenance amounted to 21.21 million yuan, 75.8 percent of the budgeted figure and an increase of 36.9 percent over 1982.

Expenditures for aiding agriculture totaled 117.87 million yuan, 84.3 percent of the budgeted figure and an increase of 3.1 percent over 1982.

Expenses for city maintenance amounted to 21.21 million yuan, 75.8 percent of the budgeted figure and an increase of 36.9 percent over 1982.

Operating expenses for culture, education, science, and public health services totaled 156.92 million yuan, 91.7 percent of the budgeted figure and an increase of 9.2 percent over the previous year. Of this, expenses for education totaled 82.97 million yuan, 93.4 percent of the budgeted figure and an increase of 6.7 percent over 1982.

Relief funds for social welfare benefits and for the disabled and the families of the deceased totaled 24.48 million yuan, 59.2 percent of the budgeted figure and an increase of 12 percent over 1982.

Administrative expenses came to 62.5 million yuan, 84.2 percent of the budgeted figure and an increase of 24.9 percent over 1982. The actual increase, not including wage adjustments and other incomparable factors, was 16 percent.

Other miscellaneous expenses amounted to 68.49 million yuan, 61.8 percent of the budgeted figure and an increase of 82.3 percent over 1982, of which the funds for aiding the underdeveloped areas and the "san xi" [0005 6007] construction amounted to 43.77 million yuan, or 73.7 percent of the budgeted figure.

According to the final accounts, total revenue in 1983 amounted to 891.82 million yuan. Of this, in addition to the local budgeted income, the fixed amount of subsidies granted by the central government totaled 390.23 million yuan, the special subsidies granted by the central government totaled 155.75 million yuan, and the balance carried over from the previous year's accounts totaled 177.39 million yuan. After the deduction of the total expenditure, the floating funds to be delivered to the central government, and the funds for purchasing state treasury bonds, the year-end balance totaled 192.53 million yuan.

Except the due amount to be carried forward to the next year, the net balance totaled 84.81 million yuan, of which the amount at regional level totaled 38.14 million yuan and the amount at city and county level totaled 46.67 million yuan.

The implementation of the financial budget for revenue and expenditure of the region in 1983 indicated the following main characteristics: Apart from reversing the passive state of decline in the past successive years, revenue increased simultaneously with the speed of production and attainment of profits. The progress of revenue collection was fast and the amount increased by a big margin particularly after implementing the first step of substitution of taxes for delivery of profits, which indicated a developing trend of steady growth. The early arrangements and appropriate fulfillment of the financial expenditure, the stress laid on key points, and the attainment of better results in the utilization of funds supported and promoted the development of various construction projects and satisfactorily maintained the balance of revenue and expenditure with some surpluses.

In accordance with the principles and policies of the party and state on financial and economic work, in the past year, the financial departments at various levels paid close attention to the central task of achieving better economic results and vigorously increasing revenue and retrenching expenditure and laid stress on doing the work in the following respects:

1. By closely coordinating with the departments concerned and paying close attention to the work of enterprise consolidation and turning deficits into profits, the financial departments at various levels achieved better economic results and attained an increase in both production and income. While actively participating in enterprise consolidation, they laid emphasis on consolidating the financial matters of the 5 trades and 33 enterprises in the region, put forward the concrete requirements for the consolidation of the financial matters, worked out the specific standards for the acceptance of consolidation work, laid a sound basis for enterprise management and economic accounting, gradually implemented the tasks for turning deficits into profits, stipulated the concrete methods for examining the quotas, and further aroused the initiative of the responsible departments and enterprises in practicing economy, tapping potential, and achieving better economic results. The output value and profit tax rate of the state-run industrial enterprises of the whole region in 1983 increased by 37.4 percent over 1982, the profit rate from sales income increased by 780 percent; the amount of profits made by the profit-making enterprises increased by 73 percent; the number of enterprises running at a loss decreased by 53 percent and the amount of deficits dropped by 36.6 percent; the cost of comparable products reduced by 3.8 percent and the turnover of the fixed amount of floating capital reduced by 27 days; and there was an increase of over 16 million yuan in the profits (including income tax) delivered to the state. The profits attained from the sales of every 100 yuan in the commercial enterprises increased by 38 percent over the previous year. The attainment of better economic results and the remarkable growth of revenue fully reflected the gratifying achievements of the consolidation of enterprises and financial affairs.

2. In accordance with the relevant plans of the state on the reform of the economic system, they have actively carried out the work of substituting taxes for delivery of profits in state-run enterprises. With the attention of the regional party and government leading comrades and the close cooperation of the departments and enterprises concerned, they have unified their thinking, coordinated their action, organized forces, and made overall investigation, calculation, and examination work within the prescribed time. In light of the policies and the actual situation of the region, the relations of distribution between the state, enterprise, and individual were properly handled and the task of the first step of substitution of taxes for the delivery of profits was smoothly accomplished, which laid a sound basis for the overall implementation of substitution of taxes for the delivery of profits. Facts proved that the substitution of taxes for the delivery of profits was a timely and correct policy, which aroused the initiative of the large numbers of enterprises and workers, promoted the development of production, attained better economic results, and ensured state revenue. The amount of income tax to be paid by the enterprises of the whole region which implemented the system of substituting taxes for the delivery of profits was 53.73 million yuan and the actual amount drawn increased by 25 percent of the set figure and the arrears of payment decreased by a big margin.

3. A general inspection was conducted widely and profoundly in financial and taxation work, which educated the cadres, deepened their understanding, and enforced financial and economic discipline. According to the unified plans of the State Council and the regional people's government, all localities and departments established leading groups and general offices in succession. The whole region released 2,396 cadres and formed them into 414 inspection teams to conduct thorough inspection in the enterprises and the administrative units. By the end of January 1984, a total amount of 17.94 million yuan was found to have been involved in the cases of evading taxes, gaining advantages from the production costs, intercepting the profits to be delivered to the state, indiscriminately raising prices, recklessly issuing bonuses, subsidizing materials, entertaining guests and sending gifts, and so on. Sixty-four cases of graft and embezzlement were uncovered involving a total amount of 91,000 yuan. The inspection was conducted in a thoroughgoing and painstaking manner as it mobilized a large contingent, gathered great momentum, and covered a wide range. The problems uncovered in the inspection proved the seriousness of the unhealthy tendencies in the financial and economic fields and also indicated the necessity and urgency of party rectification.

4. In light of the relevant stipulations of the state, they actively fulfilled the various tasks of pooling funds. To muster funds and ensure the key construction projects was one of the major strategic policies of the CPC Central Committee. On the basis of wide-ranging publicity and deepening the understanding, the concrete policies and methods for collecting the funds for the key construction projects of energy and communications were promptly worked out through investigations and in light of the actual circumstances of the region. The funds for the key construction projects of energy and communications collected in 1983 totaled 26.93 million yuan, 210 percent over the task assigned by the central authorities (according to relevant stipulations, the amount overfulfilled was retained by the locality to develop energy and communications undertakings). Meanwhile, an overall investigation was conducted into the extra-budget funds of the whole region with the coordination of the departments

concerned. According to the December 1983 statistics, the ex-budget funds of the whole region totaled over 310 million yuan, or 180 percent of the year's budgeted revenue. This drew the attention of the leading cadres and departments concerned at various levels. They started to work out measures, increased the number of personnel responsible for the work, and implemented planned management. The work of subscribing for treasury bonds involved thousands upon thousands of households. Although the amount was limited, the task was extremely arduous. With the concerted efforts of various fields, the region subscribed for 17.5 million yuan state treasury bonds in 1983. Except for some rural commune members in the mountainous areas who did not fulfill their task, the quota assigned by the state was overfulfilled by 4.8 percent, which made the contributions to the pooling of funds for the key construction projects.

5. The needs of key projects were ensured and the management over expenses was strengthened. Expenditure in 1983 approached 700 million yuan, hitting an all-time high. The average expense per capita was over 170 yuan, higher than the average national level. This was inseparable from the preferential treatment and financial support given by the central government. How to control and use well this huge sum of funds and attain better results in utilization was one of our central tasks and an important matter related to the speed of the building of the four modernizations in Ningxia. In 1983, the management system for the budgeted funds was gradually reformed and perfected through investigations, studies, and summing up experience. Some localities and departments established the responsibility system and the contract system for the utilization of funds and continued to implement the methods of contracted responsibilities for budgets and financial matters. In accordance with the spirit of the relevant instructions of the CPC Central Committee and the State Council and with the close cooperation of the departments concerned, an overall inspection was conducted on the construction projects and the funds were allocated according to the budget and plans. As a result, the scale of capital construction was controlled. In addition to the budgeted funds, some financial funds were also mustered in 1983 (including employing over 40 million yuan from the reserve funds of the region) for tapping the potential and carrying out technical transformation of the Yinchuan rubber plant and the Yinchuan sugar refinery; for the key construction projects of the Guhai water pumping station, the Pingluo sugar refinery, building residential houses for the staff and workers; for the transformation of the old city area of Yinchuan and city maintenance of Shizhuishan; and for completing the auxiliary projects and subsidizing the electric charges of the Guhai water pumping station project and the needs of developing the forest-shelter in the west of Yinchuan. The expenses for culture, education, and public health services were also increased, of which the funds for adding new teaching equipment and for renovating the old primary and secondary school buildings totaled over 5 million yuan. In order to further improve the medical conditions, more than 5 million yuan was used for purchasing new equipment and renovating old buildings. All these funds played an active role in developing the industrial and agricultural production of the region and improving the material and cultural life of the people.

Although the financial departments at various levels have done a lot of work in the past 12 months or so and have achieved a number of successes, there are still a number of problems. They are mainly laxity in management and slackness

in supervising inspection work. Viewed from the large numbers of problems of violation of discipline which were uncovered, although there are many reasons, the loopholes in management are important aspects which must not be neglected. Although the enterprises have attained better economic results, they are in the nature of restoration. The management level of enterprises is still too low, their economic results have not reached the best historical level, and there is great potential to tap. The problem of how to attain better economic results and make feasibility studies in arranging and utilizing the funds is not completely solved in ideological understanding, and the problems of loss and waste are still prominent. Due to the lack of going deep into the realities of life, the investigations and studies on the new circumstances and problems confronting financial work are not sufficient. The quality of the financial and taxation cadre contingent is poor and there is a lack of personnel, which cannot suit the development of the objective situation and cannot meet the requirements of work. These are all problems which call for further studies and improvement in the new year.

## II. The Draft Budget for 1984

In accordance with the spirit of the instruction made by the CPC Central Committee on exploiting the great northwest and that Ningxia should "first bring about an upswing" in its economy and, according to the requirements of Ningxia's economic and social development plan, the guiding ideology for Ningxia's budget for 1984 is to continue to implement the principle of readjustment, restructuring, consolidation, and improvement and pooling funds to ensure the key construction projects; to set attainment of better economic results as the core and tapping potential and carrying out technical transformation as the main direction of work; to support technological progress, promote the development of production, expand financial resources, attain simultaneous increase of production, profits, and revenue; to persist in the principle of "first feed the people and then carry out construction" in financial spending, give prominence to strategic priorities, energetically support the development of commodity economy in rural areas, strengthen management, and pay close attention to utilization results of funds; and to maintain balance in revenue and expenditure with some surpluses. The suggestions for concrete arrangements are as follows:

The 1984 local budget sets revenue at 195.02 million yuan, an increase of 15.8 percent over the figure of the 1983 final accounts, of which:

The income from industrial enterprises is to be 32.22 million yuan (including income tax and profits), an increase of 48.2 percent over the figure of the 1983 final accounts.

The income from commercial and supply and marketing enterprises is to be 23.45 million yuan, an increase of 5.3 percent over the figure of 1983 final accounts.

The deficits of grain enterprises are set at 13.5 million yuan and the subsidies for the price differences of grain and edible oil are set at 20 million yuan, a decrease of 33.7 percent from the figure of the 1983 final accounts.

The deficits of agricultural and forestry enterprises are set at 4.84 million yuan, a decrease of 20.5 percent from the figure of the 1983 final accounts.

Industrial and commercial tax revenue is to be 160.98 million yuan, an increase of 2.6 percent over the figure of the 1983 final accounts. Agricultural and animal husbandry tax revenue is to be 7.68 million yuan, balancing with the figure of the 1983 final accounts.

The 1984 budget sets expenditure at 765.41 million yuan, an increase of 10.2 percent over the figure of the 1983 final accounts. Besides local revenue, funds come from the fixed amount of subsidies provided by the central government, totaling 423.34 million yuan, and the balance carried over from 1983 accounts totaling 147.05 million yuan, of which:

Appropriations for capital construction are set at 107.03 million yuan (excluding the special funds appropriated by the central government), a decrease of 27.9 percent from the figure of the 1983 final accounts. The funds arranged by the localities for capital construction are set at 52 million yuan. The funds raised by local finance for capital construction are set at 47.61 million yuan and the balance carried over from the 1983 accounts is 7.42 million yuan. These funds are mainly used for subsidizing farmland and forestry network and for carrying on the construction projects of the Guhai pumping station, the shelter-forest, Yinchuan knitting mill, Yinchuan woolen mill, Pingluo sugar refinery, Helanshan phosphate mine, Guyuan coal mine, and 5 institutes of higher learning and some primary and secondary schools; and for building workers' residential houses and other projects.

Funds to tap the potential of enterprises, finance their technical transformation, and subsidize the technical transformation of the "five types of small enterprises" are set at 32.15 million yuan (not including the funds appropriated by the central government), which will mainly be used for the technical transformation of energy, machine-building, electronic, textile, raw materials, and other industries and for developing food, communications, and other enterprises.

Expenditure for agriculture, forestry, and water conservancy works is set at 78.82 million yuan, an increase of 17.9 percent over the figure of the 1983 final accounts. Apart from the normal administrative expenses, it will mainly be used for the West Yinchuan shelter-forest, for the auxiliary projects of the Guhai pumping station, and for subsidizing electricity costs.

Expenditures for aiding rural production teams are to be 65.5 million yuan, an increase of 28.4 percent over the figure of the 1983 final accounts, which will mainly be used for supporting rural commodity production, popularizing farm machines, protecting animals and poultry, breeding aquatic products, planting grass and trees, and so on.

Operating expenses for culture, education, science, and public health services are set at 188.82 million yuan, an increase of 20.3 percent over the figure of the 1983 final accounts, of which the expenditure for education is to increase by 16.4 percent or 13.57 million yuan and the expenditure for public health services is to increase by 13.7 percent or 4.38 million yuan. The expenditure

will mainly be used for improving the teaching conditions, purchasing new teaching equipment, renovating old buildings, and raising the level of public expenditure in the schools. Due to the implementation of the contract system over the last 5 years, the expenses for education have gradually increased. Compared with the base figure, the expenses have increased at an average rate of 14.1 percent a year. In public health, expenditure is also arranged for the auxiliary parts of the projects built with loans granted by international banks and for getting additional equipment, sick beds, and so on.

Expenses for city maintenance are set at 27.68 million yuan, an increase of 30.5 percent over the figure of the 1983 final accounts. The money will mainly be used for the maintenance and renovation of Yunchuan and Shizhuishan cities and some counties.

Relief funds for social welfare benefits and for the disabled and the families of the deceased are set at 30.58 million yuan, an increase of 24.9 percent over the figure of the 1983 final accounts, which includes the special relief funds allocated by the central government on a contract basis.

Administrative expenses are to be 79.78 million yuan, an increase of 27.7 percent over the figure of the 1983 final accounts, which will be used mainly for purchasing additional vehicles, repairing buildings, subsidizing the increased expenses of business travel and holding meetings, rent, water and electricity fees, and cleaning charges, and so on.

Other miscellaneous expenses are set at 63.22 million yuan, which include the funds for the "san xi" construction and the funds for aiding the underdeveloped areas totaling 14.9 million yuan carried over from last year's accounts, the subsidies for transferring coal from other localities totaling 9.51 million yuan carried over from last year's accounts, and the expenses for implementing policies totaling 8.55 million yuan carried over from last year's accounts. This does not include the special funds not yet allocated by the central government.

The general reserve funds are set at 28.91 million yuan or 4.7 percent of the year's budgeted expenditure.

Generally speaking, the financial budget for 1984 is a positive and reliable budget which has left enough margin. Although the growth of the budgeted revenue is faster than the total output value of industry, the actual increase is only 5.7 percent of 10 million yuan after deducting the increased grain deficits caused by natural disasters in 1983 and the subsidies for price differences. Provided the spirit of the national conference on economic work is earnestly implemented and close attention is paid to turning deficits into profits, it will certainly be possible to fulfill or overfulfill the task of revenue for 1984. The budgeted expenditure has increased to some extent over the 1983 final accounts. In the course of its implementation, the central government will allocate a certain amount of special funds and the scale of the budgeted expenditure may top 900 million yuan. The problem at present is to strengthen management and appropriately utilize the funds. This is the key to the swift development of various aspects of the construction cause in Ningxia.

### III. Give Full Play to the Functional Role of Finance and Make Concerted Efforts to Satisfactorily Accomplish the Financial Budget for 1984

To maintain the balance of revenue and expenditure and to effect a fundamental turn for the better in the financial and economic situation are still protracted and arduous tasks. The year 1984 is the more important year for Ningxia to fulfill its sixth 5-year plan ahead of schedule and the year for Ningxia to "first bring about an upswing" and forge ahead to catch up with the medium national level. In order to realize the budgeted revenue and expenditure, the financial and taxation departments at all levels should strive to do a good job of the following work:

1. Centered on the attainment of better economic results, it is necessary to continuously do well the consolidation of the financial affairs in enterprises, to establish and perfect the economic responsibility system and the system for assessing the economic and technical quotas, and to turn deficits into profits. While paying close attention to the work of turning deficits into profits in those enterprises running at loss, it is necessary to urge the profit-making enterprises to increase their surpluses. Attention should be paid not only to industry, but also to commercial, grain, supply and marketing, agricultural, forestry, and other enterprises. It is necessary to take particular note of the deficits caused by poor management covered by the deficits of a policy nature and of the deficit products in the profit-making enterprises. The responsibility system and the contract system for turning deficits into profits should be strictly implemented and the rewards and punishments should be meted out accordingly. Concerning the various technical and economic quotas, it is necessary to implement them level by level, to adopt forceful measures, to firmly grasp the large and major enterprises, to make explicit the responsibilities, to assign the contracted responsibilities on a household basis, and to ensure the realization of the quotas. In the course of enterprise consolidation, it is necessary to make sustained efforts in consolidating the financial affairs, to take basic work as the point of departure, and to gradually establish a scientific economic and accounting system which suits the practical conditions. It is necessary to further perfect the economic responsibility system, to correctly handle the relations of distribution within the enterprises, to adhere to the principle of distribution according to work, to reward the diligent people and punish the lazy ones, and to arouse the initiative of the vast numbers of workers in production. The financial departments at all levels should conduct solid and painstaking work at the grassroot levels and help the enterprises blaze new trails and create new expereince in attaining better economic results.
2. It is necessary to continuously do well the management work of substituting taxes for the delivery of profits and levying tax revenue. Industrial and commercial taxes are the main sources of revenue of our region. After the substitution of taxes for the delivery of profits, the accomplishment of the taxation tasks will have a great impact on the financial balance of various localities. All localities and departments should strengthen leadership and support the work of the taxation departments. Units or individuals must not be allowed to overstep their authority and willfully reduce their tax payments. The taxation departments should actively support production, particularly the

development of rural commodity economy, exploit financial resources, and increase revenue. They should further strengthen management of tax collection over the rural trade markets and miscellaneous tax resources, frequently make tax payment publicity, give guidance and examine the work from time to time, and promptly correct and handle problems of tax evasion. Those who refuse to pay taxes and deliberately attack and beat the taxation cadres and make things difficult for them must be seriously punished.

3. Continue to do well the collection of funds for the construction of the key projects of energy and communications and the purchasing of state treasury bonds and ensure the accomplishment of the task of mustering funds assigned by the central government. The funds to be collected in Ningxia in 1984 for the construction of the key projects of energy and communications are set at 20.5 million yuan, of which the proportion of the collection is 15 percent of the total amount of the extra-budget funds to be collected; and the sum of state treasury bonds to be purchased is set at 16.7 million yuan, balancing last year's figure. All localities and departments should adopt an overall point of view, deepen their understanding, educate the broad masses, carry forward the patriotic spirit, and make due contributions to the key construction projects of the state and to the acceleration of the modernization program in the course of purchasing the treasury bonds, leading cadres must personally make publicity and take the lead in purchasing the treasury bonds. They must mobilize the masses in voluntarily purchasing the bonds in light of their economic capabilities and prevent the oversimplified methods of equally distributing the bonds, imposing uniformity on everything, and so on. On the basis of carefully doing well all fields of work, we must fulfill and over-fulfill the various tasks of mustering the funds according to schedule.

4. It is necessary to further attach importance to, and strengthen management over the budgeted expenditure and pay particular attention to the results obtained from capital utilization. All localities and departments should put their efforts into the management of expenditure, constantly improve the management system and methods, firmly acquire the idea of industriously and thriftily building the country and running all undertakings, make careful calculation and strict budgeting, be prepared to lead a frugal life for several years, stress economic results in all links of state revenue, pay close attention to controlling the spending of funds for the development of various undertakings, implement overall responsibility and contract system in the utilization of funds, further improve the system of contracted responsibilities for the administration of budget and financial matters, practice the system of every unit preparing budgets and exercising management over quotas, and establish a complete set of concrete methods for assessing the technical quotas and rewarding the diligent people and punishing the lazy ones. It is necessary to gradually turn the distribution system of funds based on departments into the distribution system based on the undertakings, to continue to do well the pilot projects of establishing financial organizations at the township level, to strictly control the scale of capital construction and particularly strengthen the work of managing and approving the funds raised for capital construction, and to prevent the erroneous methods of practicing fraud and covertly expanding the scale of capital construction. On the basis of conscientiously

doing feasibility studies well, it is necessary to actively support the enterprises in carrying out technical transformation. In addition to the budgeted funds, a certain amount of funds should be allocated to subsidize the interest of the loans for technical transformation measures. In order to support the development of rural commodity economy, besides continuously giving free economic aid, it is necessary to support the "two households" based on payment, to issue circulating funds and subsidies for loan interests, and to continuously do well the work of controlling the purchasing power of social organizations. All undertakings should be run according to unified rules and regulations and units must not be allowed to set up their own rules and wilfully extend the range and standard of expenditure. Management over extra-budget funds should be strengthened, be brought into line with the unified plans, and be rationally utilized according to stipulations.

5. It is necessary to strengthen supervision and inspection and to enforce financial discipline. in accordance with the provisions of the State Council and the regional people's government, it is necessary to pay close attention to the work of verifying and handling the financial and taxation inspection.

In connection with party rectification and their ideological work style, all localities and departments should solve the problems exposed in the inspection and raise their consciousness in observing and safeguarding financial discipline. The units and individuals who have properly observed financial discipline must be commended and rewarded. The financial departments at all levels should support the work of the vast numbers of financial and accounting personnel, protect the enthusiasm of the broad masses in exposing and denouncing the illegal cases, promote healthy tendencies, and seriously deal with those who try to retaliate against the masses.

6. It is necessary to strengthen the building of the ranks of financial cadres and to raise their quality so as to suit the development needs of the situation. While appropriately strengthening the ranks of financial cadres, all localities and departments should continuously pay attention to the rotational training of cadres and to the normal training of university and special technical school students. The financial and taxation departments at prefectural and city levels should strive to set up the training centers for financial and taxation cadres within this year and run short term training classes for the financial and accounting personnel of enterprises, institutions, and administrative units. The financial and taxation departments at all levels should establish the system of personal responsibility and the various systems to assess technical proficiency and make preparations for evaluating and determining the technical and professional titles. It is necessary to improve the work style and methods, to go deep into the realities of life, to conduct investigations and studies, to emancipate the mind, to be bold in blazing new trails and carrying out reforms, to explore a new path which conforms to the financial and economic principles and policies of the central authorities and is also suited to the national region, and to make great efforts to create a new situation in the financial work of our region.

## FINANCE AND BANKING

### JILIN ISSUES PROVISIONS ON TAX EXEMPTION, REDUCTION

SK180526 Changchun Jilin Provincial Service in Mandarin 2200 GMT 16 Jun 84

[Text] The Jilin Provincial CPC Committee and the Provincial People's Government recently put forward the eight provisions on further giving tax exemption or reduction to enterprises in an effort to accelerate the pace of developing the production of foodstuffs, fodder, and animal husbandry.

On 15 June, the province held a forum at Nongan County with the participation of leading comrades, including Zhang Gensheng, Huo Mingguang, Dong Xin, and Wang Jinshan, and of responsible persons from the provincial departments concerned and from a number of prefectures, cities, and counties. At the forum, participating comrades discussed the issue on how to further ease restrictive policies and how to conduct tax exemption and reduction so as to greatly develop the production of foodstuff and feed industries and of animal husbandry. To this end, the provincial CPC Committee and the Provincial People's Government put forward the following eight provisions:

1. The business dealing with the products turned out by peasants' specialized and cooperative households that have engaged in feed and breeding production, and by the bean-curd and starch plants of rural specialized households that have engaged in raising hogs, can be exempted from paying industrial, commercial, and income taxes. The business dealing with piglets, chicken, fry, seedlings, and saplings raised by peasants; the peasants' retail business dealing with a number of wholesale commodities; and the peasants' sale of their own products in outside places can be exempted from paying the temporary commercial tax.
2. The plants and mills that have engaged in processing fodder and foodstuffs, such as starch, soy sauce, and bean-curd, which are operated by peasant specialized and cooperative households in rural trade-fair townships, whose business is aimed at serving the local people, which have business difficulties due to limited capital, and which only earn petty profits, can be exempted from paying industrial, commercial, and income taxes.
3. The rural households that have engaged in grain sales in outside places or provinces should pay only the 3 percent of the retail rate of industrial and commercial taxes and they can be exempted from paying the income tax. With the approval of the city or county people's government, those who have had difficulties in paying industrial and commercial taxes can be allowed to enjoy tax exemption and reduction privileges.

4. The collectively-owned enterprises of townships and towns, which have engaged in foodstuff or fodder production by taking advantage of local grains can be allowed to enjoy the tax exemption and reduction privileges. The income of enterprises that have engaged in processing grains to turn out fodder or foodstuffs, such as bean-curd, edible oil, and starch, can be exempted from paying industrial, commercial, and income taxes. Those that have been newly established can be also exempted from paying industrial, commercial, and income taxes within a certain period. The small breweries operated by collectives or specialized households with the approval of the county industrial and commercial bureau and adequately enjoy the tax exemption and reduction privileges that must be approved by the county people's government in line with their actual situation.

5. The income of storehouses and cold storages operated by townships and towns and by the collective enterprises in townships and towns, as well as of grain storages operated by the specialized households that have stored grains for the state, can be exempted from paying industrial, commercial, and income taxes. With the approval of the county people's government, the business dealing with the products turned out by collective building-material enterprises in townships and towns can enjoy the 50 percent tax reduction of the industrial and commercial tax rate set forth by the state. The building-material enterprises that have been newly established in townships and towns can be exempted from paying income tax within a certain period.

6. The collective enterprises of townships and towns are allowed to adopt floatable prices among their products that have been manufactured by purchasing raw materials, finished materials, and fuel at negotiable prices.

7. The collective enterprises of townships and towns and supply and marketing cooperative at grassroots levels, which have difficulties in paying the eight-grade excess progress income tax, can enjoy the tax exemption and reduction privileges in a certain degree with the approval of the city or county people's government.

8. Efforts should be made to ensure the collective enterprises of townships and towns successfully implement the principle of fulfilling tax payment, retaining enough funds, and of enjoying the distribution of the surplus. Except for the tax quota and administrative expenditures set forth by the county people's government, other departments are not allowed to increase the quota of tax and expense arbitrarily. Collective enterprises should enforce responsibility systems and resolutely conduct distribution according to work. The income of staff members and workers may surpass that of state enterprises and organs' cadres. Technical personnel who have made contributions may enjoy a higher pay and bonus.

CSO: 4006/619

## FINANCE AND BANKING

### VIOLATIONS OF FINANCIAL DISCIPLINE REPORTED

Beijing CAIWU YU KUAJJI [FINANCE AND ACCOUNTING] in Chinese No 3, 20 Mar 84  
pp 11-12

Article: "MOP Inspection Office Official Describes National Financial Inspection Situation"

Text Not long ago, a reporter for this publication asked the responsible comrade of the Office of Financial Inspections of the Ministry of Finance to comment on the nationwide financial inspections.

According to the responsible comrade of the Office of Financial Inspections, the State Council had ordered nationwide financial inspections on three different occasions. The first one in 1981 uncovered a total of 3.7 billion yuan spent in violation of financial discipline. The second one in 1982 uncovered 4.7 billion yuan spent in violation of financial discipline. The third one began in October 1983 and is still in progress. As of last January, it has uncovered over 3.5 billion yuan spent in violation of financial discipline, but 1.3 billion out of 1.9 billion yuan due for remittance to the state have been turned over to the treasury. The current inspection has been remarkably successful.

Judging by the problems uncovered during the inspections, they cover the following five areas:

(1) Indiscriminate claims of costs and expenses and retention of revenue required to be remitted to the state. Many enterprises, preoccupied with their own interests, resort to various unscrupulous measures to lay claim on revenues due to be remitted to the state. For instance, the Bureau of Material Resources of the Inner Mongolian Autonomous Region has retained 27.25 million yuan of state revenue since 1980 by such unlawful means as fraudulent entries of expenses and concealment of income. Having recklessly spent most of the fund, it had only 8 million yuan left to surrender to the treasury. A municipal food company of a certain province laid claim on 3.60 million yuan of state revenue by incorporating in its operating cost the investment in a new cold storage house and making fraudulent entries of expenses.

(2) Evasion of taxation. This is also a widespread abuse. For instance, a chemical fiber factory declared in its tax return that the cost of polyester per ton was 3,799 yuan although the actual cost was only 2,300 yuan. An inflation of the cost by 1,499 yuan per ton helped it to evade 9.33 million yuan in industrial and business taxes in 6 months.

(3) indiscriminate distribution of bonuses, subsidies and awards in kind. In recent years, some units have increased the variety and amount of bonuses and upgraded the quality of awards in kind given to their staff and workers. A bearing factory of a certain county acted without authority in giving four percent of its sales proceeds as bonuses to its marketing agents. Six of its marketing agents received a total 77,393 yuan as bonuses between January and October 1983, while its profit of the year was only 67,000 yuan. A certain research institute issued its staff and workers uniforms at an average cost of 500 yuan per person. A mining company withheld 990,000 yuan in profit due for submission to the state and spent it for rewards in kind to its staff and workers. It bought furniture, including upright cabinets and bed headboards for its staff and workers at a cost of 1,000 yuan per person.

(4) Dinner parties, gifts and spending sprees. In the last few years, some units went out of bounds to indulge in entertainment, gifts, wining and dining. A rubber mill spent over 15,000 yuan of public funds to finance a 5-day discussion forum, including money spent for cigarettes, drinks, dinner parties, gifts and automobiles rented for a excursion to the Shaolin Temple.

(5) Secret expropriations of state's commodities and supplies. Some units which "feed on what comes handy" secretly divided up among themselves what they had produced. A machine factory which makes electric fans at a cost of 95 yuan each sold each of its staff and workers one fan per person at only 40 yuan. A beer brewery gave each of its staff and workers three cases of beer in 1983.

In addition to the cases of violations of financial discipline in the five areas mentioned above, there are many other instances of infractions of discipline, such as converting property owned by the whole people into the property of the collectives, putting the interests of small groups above those of the general public, undertaking unauthorized capital construction, making indiscriminate appropriations of funds, unrestrained hiking of prices and unauthorized buying and hoarding of commodities.

It must be noted that even though lax discipline and the disarray of management have abated since the readjustment, the problem still remains unresolved because violations of financial and economic discipline are still rampant in some units. This, in fact, is a reflection of the unhealthy practices of the CPC and society at large on the economy. If this were not resolutely rectified, it would not only thwart the economic effectiveness of the enterprises and the steady growth of state revenue but also corrupt the staff and workers, undermine the socialist economy and seriously threaten the four modernizations.

The responsible comrade of the Office of Financial Inspections also said that the violations of financial and economic discipline are an economic as well as a political problem. The following must be done before the problem can be really resolved. First, consolidate the party organization to underline the need for the party to defend the sanctity of financial and economic discipline, seek unity of thinking, heighten one's awareness and put the long-range interests of all above everything else. Second, strengthen legislation and the enforcement of the law. Strive to provide the laws required, enforce them strictly and prosecute the lawbreakers as called for by Comrade Deng Xiaoping. Third, strengthen

financial supervision. The supervision over and the inspection of the financial departments have not been effective and should be improved. It seems necessary to conduct financial inspections once every year. Foruth, the problems uncovered during the inspections should be handled strictly as there is no room for leniency. In addition to recapturing the funds withheld in violation of discipline, the units and individuals directly responsible should be held administratively, financially and legally responsible and should be punished by the imposition of fines or the deduction of bonuses and wages in accordance with the gravity of each case.

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CSO: 4006/430

## FINANCE AND BANKING

### MEASURES TO TIGHTEN FINANCIAL DISCIPLINE IN HENAN PROPOSED

Beijing CAIMU YU KUALJI /FINANCE AND ACCOUNTING/ in Chinese No 3, 20 Mar 84  
pp 12-14

/Article: "Henan Province's Ideas on Handling Problems Encountered in the Finance-Tax Investigations"/

/Text/ In compliance with the circular of the State Council and the provincial people's government on the inspections of finance and taxation, the Henan Provincial Finance Department, desiring to rectify and handle the problems uncovered in order to straighten up party practice, uphold the sanctity of law and discipline, protect the state revenue in accordance with the existing policies and laws of the state and stop any unit or individual from enjoying economic gains in violations of financial and economic discipline, has proposed measures to cope with the problems concerning finances and taxation which have been disseminated accordingly by the Henan provincial people's government and the Ministry of Finance. The text is hereby published as follows:

I. The following state revenues seized in violation of state regulations by any state-operated enterprise, undertaking, administrative unit or collective enterprise shall be checked out and returned to the state treasury.

1. The income due for transmission to the state which has been withheld or misappropriated, including the profit derived from straight sales, trial sales or exhibit sales of products (commodities), the profit from negotiated sales of products (commodities), the profit of business warehouses and trust companies and their income from commissioned purchases and sales, the income from the sale of waste products and supplies, the income from labor services, the income from leases and repairs, the income from storage and shipping, service charges, deposits of unclaimed packages, penalties and fines for overdue payments, inventory surpluses of raw and processed materials, products (commodities) and other incomes, shall all be turned over to the state treasury in accordance with the regulations.

2. The cost of products not based on the actual price of the raw and processed materials as required by the regulations, fraudulent entries of "the differences in the prices of materials," indiscriminate claims of costs and expenses, wanton itemization of "extra-operational expenses," the accounting of sales cost of commodities in violation of the established procedure and fabricated and concealed profit shall be rectified, and the state treasury shall be reimbursed for the difference.

3. Any unauthorized increase in the ratio of the withholding of various specific funds; any excessive withholding of the capital construction depreciation fund, the repair fund, the staff and workers welfare fund, the percentage of profit for retention or the sharing of profit and losses in contracted work; and fraudulent claims of financial aid to meet deficits and subsidies to cover losses shall be rectified, and the excesses withheld or claimed shall be returned to the state treasury.

4. The repayments contrary to regulations of loans for specific projects, including small loans for technological facilities medium- and short-term loans for specific projects and medium- and short-term loans for plant facilities where the specific projects have not been constructed and put into operation or where the newly-constructed projects put into operation have been economically so inefficient as to drain the profit already earned by the enterprise to meet the repayments, shall be paid back to the state treasury out of the specific fund of the enterprise.

5. The income or surplus of an enterprise, undertaking or administrative unit derived from exclusion of budgeted revenue from its budget or inclusion of unbudgeted expenditure in its budget, by turning funds of the whole people into those of a collective (including ration points for the educated youths), by turning funds of the general public into those of small groups, unrecorded income and secretly maintained "small money coffers" shall be confiscated and turned over to the state treasury. Any capital construction financed with misappropriated administrative funds or improper sources of funds as well as capital construction not covered by the state plan shall be investigated and handled case by case.

6. Funds allocated for a specific project which the enterprise concerned has not used for a long time, unclaimed funds and the funds for the three items of expenditures allocated in violation of the regulations by the department in charge of the enterprise shall be recaptured and turned over to the financial authorities.

7. The income earned by an enterprise, undertaking or administrative unit by indiscriminately raising prices, imposing service charges, collecting funds or upgrading the standard for service charges without authority shall be confiscated and turned over to the financial authorities.

8. The funds for specific projects under the centralized management of a department in charge of the enterprises which have been deliberately broken into fragmented portions or transferred as loans to any subordinate unit shall be confiscated and turned over to the financial authorities.

9. The administrative expenses (Comment by the Ministry of Finance: Only the administrative expenses of those corporations approved by the economic councils at all levels and certified by the Ministry of Finance) collected from its subordinate enterprises by the department in charge of enterprises which have been spent in violation of the scope and standard of expenses prescribed by the state for covering collective welfare facilities and expanded welfare expenditures shall be returned in toto to the state treasury by the department in charge of enterprises out of its own funds.

10. Any taxpaying unit or individual who fails to pay a tax in accordance with the regulations or who evades and refuses the tax payment shall be handled in strict accordance with the tax law, and the overdue tax shall be paid to the treasury. Unauthorized tax reductions and exemptions in violation of the established tax collection system shall be promptly rectified, and the overdue tax shall be recovered.

11. Unauthorized purchases of the "specially controlled commodities" which are commensurate with the purchase power of specific social groups shall be confiscated if the case is grave. If any unit squanders the state's material and financial resources for entertainment, gifts, conspicuous consumption and lavish spending, its responsible leader and those involved shall be held financially and administratively responsible.

12. Cases of economic offenses, such as corruption, theft, speculative dealings and the offer and receipt of bribes, shall be thoroughly investigated and turned over to the procuratorates and courts of law for action in accordance with law.

II. Bonuses, subsidies and awards in kind issued in violation of state regulations and encroachments upon the resources and revenues of the state shall be handled in accordance with the following provisions:

1. The portion of the bonuses awarded in 1983 in excess of the total bonuses approved by the state shall be recaptured. If it is difficult to recapture the total all at once, it may be recaptured in installments. The excessive bonuses awarded to the staff and workers in 1982 shall not be recaptured except in very grave cases. Bonuses in excess of the approved amount awarded to the cadres shall be recaptured without exception.

2. The piece-rate wages and subsidies in excess of the state regulations; bonuses, allowances and awards in kind issued under concocted pretexts; and bonuses, allowances and awards in kind obtained by the leading cadres and related personnel by virtue of their position and power shall be recaptured. If total recapture imposes too much of a hardship, it may be recaptured in installments.

3. Products, commodities and funds divided up or covertly divided up among individuals shall be rectified and recaptured in full and turned over to the state treasury. The unit leadership and the personnel involved shall be held administratively responsible if the case is serious.

4. Any staff, worker or cadre who has borrowed large sums of public funds and has not paid it back for a long time shall be required to work out a repayment plan and pay back the funds on time. If a staff or worker who owes money is transferred, the unit transferring him away shall issue a testimonial of his transfer and the unit which accepts his transfer shall make monthly withholdings from his wage to cover the repayment which becomes its revenue. Anyone who misappropriates public funds or takes advantage of his position to make fraudulent purchases of commodities and supplies for private business (including transferring them to his dependents for business operations) and who makes illicit gains, as well as grafters and embezzlers of state resources and revenue, shall be prosecuted. The public funds misappropriated shall be recaptured and the profit

thereof shall be turned over to the financial authorities. The culprits shall be subject to party and government discipline and held legally responsible if necessary.

III. The problems uncovered during the investigations shall be handled promptly so that rectifications and recaptures of funds can take place while the investigations are in progress.

1. The principle for handling the problems: Seek truth from facts and combine leniency and sternness in accordance with the policy. The problems uncovered by self-investigations shall be handled more leniently while those uncovered by the investigative authorities shall be handled more sternly. Leniency shall apply to any problem involving the staff and workers, and sternness applies to any case involving the leading cadres. Leniency should be shown where the investigations and corrections have been satisfactory. Sternness shall apply to those cases where investigations and corrections were resisted. The time allowed for self-investigations shall extend to the end of November 1984. When self-investigations are through, the enterprise concerned shall submit a "Self-investigation Report Form" to provide the data for evaluation and action.

2. An enterprise which uncovers by self-investigation any increment of profit shall be allowed to share it in accordance with the regulations after the payment of the tax. Any increments of profits and the depreciation fund uncovered by the investigating authorities shall be turned over in toto to the state treasury (to simplify the procedure, simply regard all of them as profit turned over to the higher authorities), and the enterprise shall not be allowed to share it. The portion of the fund due for submission to the state shall be submitted promptly, and a fine of 0.1 percent thereof shall be imposed for each day in failing to do so. The fine for delay thus imposed shall be paid out of the profit retained by the enterprise or its own funds. If it refuses to pay the fine, it shall be withheld by the bank, and its responsible person shall be held liable if the case is serious.

3. Any taxpaying unit or individual who uncovers by self-investigation tax evasions or delinquencies and makes up the payments shall be shown leniency and shall be exempt from fines. Those failing to conduct conscientious self-investigations or resorting to deception and concealments of tax evasions or delinquencies shall be handled case by case in accordance with the regulations: (1) The evaded payments of taxes and profits which have been uncovered upon investigation shall be paid within a specified time limit, and a fine of not more than five times of the amount of taxes and profits evaded shall be imposed according to the seriousness of the case. (2) The past-due payments of taxes and profits uncovered during the investigations shall be paid in full within a specified time limit. A fine for past-due payment shall be imposed on one who has the ability to pay but did not pay. If a demand for payment is not heeded, the Ministry of Finance shall notify the bank to withhold the past-due payment of taxes and profits plus a fine for delayed payment and turn the withheld funds over to the treasury. (3) In a case of serious tax evasion and refusal to pay, the person directly responsible shall be held legally liable in addition to being ordered to pay the tax and the fine.

4. If a local enterprise which has assumed since 1982 the contractual responsibility for gains and losses is found during the investigations to have retained undue percentages of gains and losses by refusing to handle its apportioned amount of sales, refusing to spend the money it ought to spend or making fraudulent reports on gains and losses, it shall be directed to make amends by making up the payments to the state treasury, and its leadership shall be held liable.

IV. The payments of the past-due revenues mentioned above shall be made through channels to the appropriate superior finance and tax departments. The amount past due shall be paid in one installment. If it is difficult to pay in one installment, it may be paid in several installments, provided a schedule of payments has been approved by the local finance and tax departments. Any enterprise which objects to the findings of the investigations shall first act as directed by the local finance and tax department before submitting its grounds of objection for consultation and review by the higher authorities in charge and the higher finance and tax department, and the final decision will rest with the higher finance and tax department.

V. During the progress of the finance investigations, the finance and accounting personnel who uncover abuses shall be given full protection and no retaliatory actions against them shall be tolerated. All retaliations shall be promptly and sternly handled. Those finance and accounting personnel who are courageous enough to adhere to principles and struggle against breaches of financial and economic discipline shall be given support, commendations, awards and credit toward earning professional titles. Any finance and accounting official who resorts to deception, condones or even masterminds violations of financial and economic discipline shall be dealt with sternly and referred to the appropriate authorities in charge of awarding professional titles to strip his title if he has earned one.

VI. All the abuses uncovered during the investigations shall be handled conclusively. Anything owed to the state shall be turned over to the higher authorities. Anything to be confiscated shall be confiscated. All the refunds and compensations shall be paid accordingly. Those who are due to be fined shall be fined. Do the job thoroughly and do it well from start to finish. Sum up the experience and lessons of the finance and tax investigations as a vehicle to foster a sense of national interest and the interests of the whole to counteract the unhealthy "obsession with money." Improve the financial and accounting structure of the enterprises, reinforce the financial and accounting personnel and support them in the discharge of their duties. Popularize the experience of the advanced enterprises in strengthening financial administration and upgrading economic effectiveness. Reorganize the finance and accounting service and establish a healthy system of financial administration and strengthened financial supervision in order to improve the quality of financial administration.

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## FINANCE AND BANKING

### SHARP INCREASE IN SAVINGS DEPOSITS REPORTED

Beijing BEIJING RIBAO in Chinese 4 Feb 84 p 1

/Article by Ma Wenqi /8010 2429 0796/: "Local Savings Deposits Hit 2.51 Billion Yen"

/Text/ The savings deposits in the cities and towns of Beijing Municipality registered last year an increase of 590 million yuan, the highest ever. By the end of December 1983, the savings deposits in the cities and towns of the municipality totaled 2.51 billion yuan, an equivalent of the accumulated savings deposits in the period of 24 years between 1949 and 1973.

The sharp increase in savings deposits last year is unique in four areas. First, the increasing ratio of fixed deposits represents more stable deposits. The fixed savings deposits in the municipality in recent years represent over 80 percent of the total savings deposits, and the ratio of fixed savings deposits for 3 to 8 years has reached 52 percent of the total. In 1973 the savings deposits remained in the bank for an average of 349 days, and in 1983 the average rose to 492 days. Second, there has been a sharp increase in the number of depositors. The number of savings depositors in the municipality was 7.529 million by the end of 1983, an increase of 18 percent or 1.18 million over that of 1982. Third, the volume of savings transactions has increased. There were 35.85 million entries for the whole municipality in 1983, an increase of 3.78 million entries or 11.8 percent over those of 1982. According to the statistics on the family finances of 224 households in the municipality of Beijing, between January and October 1983, the average per-capita living allowance registered an increase of 14.5 percent, the per-capita living expenditure increased 12.9 percent and the per-household savings deposits increased 117 percent. These 224 households spent 517,550 yuan of their savings between January and October 1983 on 427 different items of durable consumer goods, including color TV sets, refrigerators, washing machines and recorders. This is an increase of 53.3 percent over the amount they spent during the same period in 1982.

The sharp increase in savings deposits in Beijing is attributable to the changes since the 3d Session of the 11th CPC Central Committee, such as the steady development of production, continued increase of personal income, brisk market, stable prices and readjusted savings deposit interest rates. The fact that the staff and workers strived to upgrade their work efficiency and improve their service attitude has also contributed to the development of the savings operations.

## FINANCE AND BANKING

### COMMODITY PRODUCTION IN RURAL BANKING OPERATIONS EMPHASIZED

Xian SHAANXI RIBAO in Chinese 20 Mar 84 p 1

Article by Bian Sui [6708 4840]: "Rural Banking Work Should Emphasize Commodity Production"

Text Guided in principle by Document No 1 of the CPC Central Committee, the conference of the rural bank presidents of Shaanxi held lately in Xi'an decided to focus on supporting rural commodity production in 1984 and to make arrangements for rural banking operations accordingly.

The conference decided that the rural banks should serve primarily the "two kinds of households," the production brigades and the newly-formed joint entities. It calls on all the rural banks and credit cooperatives of Shaanxi to support the contracting households and the specialized households in developing grain production and various kinds of diversified operations, to help those specialized households offer preproduction and postproduction services to the various specialized households, to support the peasants in exploring new areas of production and to help them process and make comprehensive use of agricultural sideline products.

To do well the rural credit work in order to provide effective support for the development of commodity production, the rural bank asks the local rural banks and credit cooperatives to provide the kind of support which combines funding, information and technology. They must supply the information and serve as economic consultants. The extension of rural loans and the promotion of technology should work hand in hand. They must help the specialized households evaluate their business projects and do feasibility studies to make sure that credit is extended to the right projects for good results and fast turnover and that it really supports the development of commodity production by the villages.

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**FINANCE AND BANKING**

**BRIEFS**

**NEI MONGGOL SAVINGS DEPOSITS**--In the first 5 months of 1984, the savings deposits of urban and rural people in Nei Monggol Autonomous Region totalled over 120 million yuan, an about 50-percent increase over the corresponding 1983 period. [Excerpt] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Jun 84 SK]

**HEILONGJIANG FINANCIAL REVENUE**--Heilongjiang Province did a good job in implementing financial budgetary plan in the first 5 months of 1984. Revenue exceeded plan by 48 million yuan, up 36.1 percent over the corresponding 1983 period. Of this, revenue from industry increased 40 million yuan, up 51.6 percent, from commerce, 20 million yuan, and from taxes, 95 million yuan, up 10.4 percent over the corresponding 1983 period. [Summary] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Jun 84 SK]

CSO: 4006/619

## CONSTRUCTION

### BRIEFS

**SHENYANG CONSTRUCTION CORPORATION FORMED**--Shenyang, 24 June (XINHUA)--A major construction corporation has been formed in Shenyang, capital of Liaoning Province, to carry out large-scale building projects both in and outside China. The China Shenyang Construction Corporation, with a workforce of 120,000, has incorporated the city's 8 main departments and groups involved in building work and the construction of public utilities. This has produced a comprehensive capability of planning, designing, construction and installation, according to an official of the corporation. Many of the workers have experiences in large-scale building projects. These include the Great Hall of the People in Beijing, Beijing Airport and the development of the Shenzhen Special Economic Zone in Guangdong Province. The corporations work will include the overall planning of new cities and the transformation of old cities, involving the construction of housing, hotels, stadiums, departments stores, factory buildings, roads, railways and telecommunications. The official added that about 150 workers have been sent to Beijing this month to work on a gas project. [Text] [OW241104 Beijing XINHUA in English 1036 GMT 24 Jun 84]

CSO: 4020/148

## DOMESTIC TRADE

### PROVISIONS REGULATING TRADE BETWEEN CITIES, COUNTRYSIDE

Harbin HEILONGJIANG RIBAO in Chinese 16 Mar 84 p 2

#### Article: "Establish Concrete Regulations on Urban-Rural Trade"

Text According to information obtained at the conference of the chiefs of the bureaus of industry and commerce of Heilongjiang, the provincial bureau of industry and commerce has laid down a number of specific measures on urban and rural trade in Heilongjiang for the more forceful implementation of Document No 1 of the CPC Central Committee and the "eight articles" of the provincial people's government on policy liberalization and the more active circulation of agricultural sideline products.

To expand the sale of agricultural sideline products, these measures permit diversified ways to process agricultural sideline products and encourage surplus rural labor to engage in the productive and repair trades urgently needed by the masses. The peasants are encouraged to bring their own raw materials to the cities to run small workshops, to cooperate with the city people who have specialized skills, to run joint factory-front stores with the state or collective enterprises or to set up "fast food eateries" to enhance the urban food business. Operation licenses should be promptly issued to any newly-formed rural industry run by a family, a collective or partnership, provided that blind duplications of factories are not allowed.

Individually operated rural industry and commerce are to be encouraged. The peasants may apply to run any individually operated rural industry or commerce and may get commodities at the wholesale price from the state, from direct sales by the industries or from any country market. They may set retail stores or offer mobile services by traveling from one village to another.

The business may be run by one family or jointly by several families. Furthermore, the commodity price at the country market is to be set by negotiations between the sellers and the buyers, and price fluctuations are allowed. There shall be no price control except during the New Year period, when the price of the specific daily necessities needed by the masses rises sharply.

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CSO: 4006/425

## DOMESTIC TRADE

### REFORMS OF COMMODITY CIRCULATION SYSTEM PROPOSED

Kunming YUNNAN RIBAO in Chinese 20 Mar 84 p 1

Article: "Open Circulation Channels; Solve Sales/Purchasing Problems"

Text To overcome the difficulties in buying and selling by paying special attention to both production and commodity circulation, the Yunnan provincial conference on economic work has proposed six reforms to the leadership and the departments of commerce at all levels.

1. Further liberalize the policy on procurement and marketing of agricultural sideline products. The category-3 agricultural sideline products and those products left over after meeting the procurement quotas should be completely released to allow the state-operated enterprises and the supply and marketing cooperatives to set the market prices based on reasonable differentials between buying and selling so as to promote negotiated purchases and sales. Make use of diversified channels of commodity circulation to allow the peasants to ship their products over long hauls to sell in urban and rural markets. Allow the factories, schools, agencies and organizations to purchase directly from those areas which have completed the centralized procurement of agricultural sideline products. All the cities at or above the county level should establish trading centers and warehouses for wholesale agricultural sideline products where the state-operated stores in the cities, collective enterprises and individual traders can deal directly with those who ship in their products for sale. The place of the production and the place of the sale of fresh and live products and of local special products should establish direct channels of shipping, marketing and the settlement of accounts in order to reduce the number of intermediary links.

2. Give full support to the development of collective and individual business and establish more commercial networks. The focus should be on active development of agricultural households concurrently engaged in business and those households specializing in shipping and marketing which, for reasonable remuneration, handle the purchasing and sales operations for both the state-operated businesses and the supply and marketing cooperatives. Encourage individual buying and selling and offer wholesale prices to retailers of industrial products. Give appropriate tax preferences to the households of specialization which procure agricultural sideline products from and ship industrial products to the remote mountainous regions and distant border minority nationality regions so as encourage them to handle well the interflow of material resources between the urban and rural areas.

3. Strive to organize the local processing and marketing of agricultural sideline products. The processing should be an integrated effort of the state, the collectives and individuals to upgrade the value of the agricultural sideline products and to cut down the volume of shipping.

4. Step up the construction of small towns which link the cities and the villages. The construction of small towns, when properly executed, provides an important channel to activate the circulation of commodities. All the localities should provide effective leadership to draw up plans and adopt necessary measures to encourage the surplus village labor force to proceed on their own food rations to the small markets and towns to run those trades required by society. Provide them with business sites, buildings and processing facilities to help them develop the economy of those towns.

5. Spare no effort to overcome the shortage of warehouses. The plans of the state and Yunnan Province to provide investments and loans for the construction of grain depots, cold storage houses and warehouses in 1984 should be immediately implemented to make them available for service as soon as possible. Tap the potential of the existing warehouses which can be cleared, merged or repaired as necessary. Make available unoccupied buildings of the production brigades, state farms, government agencies and organizations. Encourage the collectives and social organizations to pool funds to construct warehouses to store grain and agricultural sideline products for the state upon payment of rent. Wherever possible, organize households to specialize in storing grain and other agricultural sideline products for the state.

6. Strive to do well the supply of agricultural means of production to the villages and the marshalling of industrial products for the countryside. Prohibit the deliberate stoppage of the production of the popular daily necessities required by the masses. The villages should be well supplied with quality brands of durable consumer goods. Make arrangements to meet the demand of the city markets, especially the supply of vegetables, meat, fruit, eggs, aquatic products and seasonings.

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## DOMESTIC TRADE

### FURTHER REFORM OF CIRCULATION SYSTEM REPORTED

SK190359 Jinan Shandong Provincial Service in Mandarin 2300 GMT 18 Jun 84

[Text] At the Eighth Standing Committee Meeting of the Provincial People's Congress on the morning of 18 June, Deputy Governor Lu Hong gave a report on the reform of the province commodity circulation system and his opinions. He pointed out that it is necessary to thoroughly reform the system of supply and marketing cooperatives, truly turn it from official monopoly to management by the local people, and restore the function of the cooperatives as cooperative commercial units collectively owned by peasants so that they can more successfully play their role as a link between urban and rural economy and as a major channel for rural commodity circulation.

Lu Hong said in his report: In line with the central authorities' call for relaxing policies to enliven the economy, our province has reformed some systems in the circulation field since the 3d Plenary Session of the 11th CPC Central Committee, and has allowed various sectors of the economy, various circulation channels, and multiforms of management to develop, thus reducing intermediary distribution links, promoting production, making things convenient for the people and increasingly invigorating the urban and rural market. By the end of 1983, urban and rural collective commercial ships has increased to more than 100,000, more than 30,000 over 1978, and individual industrial and commercial households to 623,000, an increase of 599,000. Rural individual industrial and commercial households amounted to 94.4 percent of the province's total. Transactions of urban and rural markets of farm and sideline products reached 3.15 billion yuan, 1.7 times greater than in 1978. Commercial units throughout the province totaled more than 680,000, an increase of more than 500,000 over 1978. Commercial units for per 1,000 people increased from 2.3 to 9. The expansion of collective and individual commerce, particularly peasants' entrance to the circulation field, and the great increase of specialized transport and marketing households not only broke the monopoly of the state-owned commercial units, widened the circulation channels, promoted production and made things convenient for the people but also blazed an important road for urban employment and rural surplus manpower.

Lu Hong said: Although we have achieved certain results in the reform in the circulation field, our pace is still not quick enough and a fundamental breakthrough is yet to be made. Our work still lags far behind the needs in the overall situation and in the rapid development of commodity production. For this reason, in line with the actual conditions of our province, we should emphasize the reform in the following five fields this year.

1. We should thoroughly reform the system of supply and marketing cooperatives, recruit more peasants as shareholders, expand the scope of business and service, reform the personnel and financial systems, implement the principle of distribution according to work, establish the dividend sharing system and set up business organs according to economic regions.
2. We should thoroughly reform the commercial wholesale system. In general, we should start with establishment of trading centers to promote the reform of the commodity wholesale system. The trading centers may conduct both wholesale and retail businesses and may sell goods of their own, be it from north or south, or be commissioned to sell that of others, be they from public or private units. Both the producers and the sellers are allowed to do business at the trading centers.
3. We should actively reform the operation and management systems of state retail outlets and catering and service enterprises. We should allow collectives to contract the operation of small state commercial enterprises or lease them to individuals. Large and medium-sized commercial enterprises should establish and improve the contract responsibility system under which the responsibility, power, and profit of operation are linked together.
4. We should continue to relax the policies on the purchases and marketing of farm and sideline produce. The province has decided to reduce from 113 to 66 the farm and sideline products whose purchases are monopolized by departments concerned or whose purchasing quotas are assigned. Such products can be sold through various channels as long as peasants fulfill the state-assigned purchasing quotas as stipulated in contracts. Beginning this summer, markets will be opened during grain and oil-bearing crop procurement period and peasants will be permitted to transport such products to other places for sales, thus changing the regulation which stipulated that peasants are not permitted to transport their products to other countries or provinces for sales before their counties fulfill the procurement targets.
5. We should combine the efforts of the state, the collective and the individual to speed up the construction of circulation facilities.

Gao Fengwu, vice chairman of the Provincial People's Congress Standing Committee, chaired the plenary meeting held on the morning of 18 June.

CSO: 4006/619

## DOMESTIC TRADE

### EFFORTS TO OPEN UP NEW PROSPECTS OF YUNNAN'S ECONOMIC WORK URGED

Kunming YUNNAN RIBAO in Chinese 21 Mar 84 p 1

/Article: "Expedite the 10 Tasks; Strive to Create a New Situation in Yunnan's Economic Work"/

/Text/ In his report to the sixth session of the standing committee of the Sixth Provincial People's Congress on 20 March, Zhu Kui /2612 1145/, lieutenant governor of Yunnan, pointed out emphatically that the focus of economic construction in 1984 is to do well in 10 specific areas in order to open up new prospects for the economic work of Yunnan.

After enunciating the spirit of the All-China Conference on Economic Work, Lieut Gov Zhu Kui analyzed the 1983 economic situation of Yunnan. He said that in 1983 Yunnan had worked conscientiously to implement the programs and policies of the Central Committee on upgrading the effectiveness of all economic work and had, in light of the reality in Yunnan, readjusted the economic relations; pursued a number of reforms; gone a step further to perfect the system of responsibility for agricultural production; pressed for the consolidation of the enterprises and technological progress; strengthened economic analysis, especially since last June; and adopted prompt, forceful measures to cope with the existing problems. These have helped overcome the natural disasters and the difficulties in production and enabled the economy of the province grow steadily during the progress of the readjustment. As a result, the gross industrial and agricultural output value of the province reached a total of more than 15.76 billion yuan. The volume of grain, edible oil, sugar cane, tea and meat produced and the gross industrial output value were at a record height. The revenue realized was more than 1.66 billion yuan, up 140 million yuan over that of the preceding year. The output value, taxes and profits and revenue had increased simultaneously for 3 consecutive years. Both urban business and rural business were the briskest they have been since the founding of the People's Republic.

Lieut Gov Zhu Kui said that in spite of the economic achievements of Yunnan in 1983, there are still many problems to cope with. The work to upgrade economic effectiveness has barely begun. There is yet no effective solution to the problem of output lagging behind input in production, poor quality, excessive consumption, wastefulness and heavy losses. Some localities and departments which did not pay close attention to their work have sustained declines in production. The economic work of Yunnan in 1984, if it were to adhere to the spirit of the All-China Conference on Economic Work, should rely on consolidating the party

organization as a driving force to activate conscientious study and the implementation of the CPC Central Committee's Document No 1 of 1984 and should continue the program of readjustment, restructuring, consolidation and improvement. Focussing on upgrading economic effectiveness, the economic work of Yunnan in 1984 should aim at achieving greater effectiveness and a higher speed than those of the preceding year and making the masses more prosperous by going a step further to emancipate the mind, liberalize the policy, open the province to foreign trade, revitalize the local economy, open up more channels of circulation, go all-out to development production of commodities and bring about synchronized increases in output value, taxes and profits and revenue. To open up new prospects for more commodity production and greater economic effectiveness, it is necessary to focus on "one emphasis, two reliances, three improvements and four synchronized increases." This means to emphasize variety and standard; and to work for the synchronized increase in output value, marketing, taxes and profits and revenue. The objectives of the struggle are: (1) To focus on grain production and the achievement of excellence; (2) to increase variety and improve quality; (3) to cut back consumption and lower costs; (4) to arrest losses and increase profits; and (5) to ensure greater speed and more income. To achieve these objectives, we must do well in the following 10 areas in 1984: (1) Readjust the structure of products to give full play to the superiority of Yunnan. (2) Strive to reduce losses and increase profit. (3) Consolidate the enterprise to upgrade industrial quality. (4) Promote technological progress to speed up the production and renovation of products. (5) Control the scope of capital construction to guarantee the key constructions. (6) Develop urban and rural collective enterprises to speed up the economic growth of the province. (7) Pay close attention to the weak links such as energy, raw and processed materials, fuel and transportation to ensure sustained growth of the national economy. (8) Improve circulation to enhance commodity production. (9) Press for economic restructuring to activate the economy further. (10) Do the ideological-political work well to strengthen the buildup of the industrial staff and work force. He said the work to speed up the development of the economy in 1984 is especially meaningful as this is the 1st year of the consolidation of the party organization and the 35th anniversary of the founding of the People's Republic. We must forget ahead to improve the economic work in order to open up new prospects of greater economic effectiveness in order to implement ahead of schedule the national economic plan of 1984.

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## DOMESTIC TRADE

### MEASURES TO DEAL WITH OVERSTOCKING OF PRODUCTS SUGGESTED

Tianjin TIANJIN RIBAO in Chinese 31 Jan 84 p 4

Article by Jian Guo [1696 0948]: "Some Ways to Solve Commodity Overstocking"

Text Overstocking of products thwarts the enhancement of the economic effectiveness of the enterprises. Today, the proceeds from the sale of the industrial products of Tianjin, in spite of sharp increases, still lag behind the total amount of production. There is increasing overstocking of some products, especially the means of production such as mechanical and electrical products and consumer goods, including light industrial and textile products, because they are not competitive enough in both foreign and domestic markets. According to an analysis of the departments concerned, about 50 percent of the unmarketable products are old models, outmoded in design or overpriced, and over 40 percent of them became unmarketable due to market fluctuations abroad and in China and Tianjin. Negative approaches, such as the curbing of production and sales promotion, are not enough to eliminate the overstocking. The following measures may be worth trying.

First of all, strengthen market forecasts and obtain feedback following the sale of products. The existing sales procedure of an enterprise is simply to sell its products either directly to the end-users or the department of commerce. Since it does not try to know the views of the end-users or the demand for such products, it just keeps producing blindly. To correct the practice, it must go through investigations, interviews, direct observations and written comments to get feedback on the end-users' views to guide its production. Although this is "common sense," it is easier said than done. It requires special effort.

Second, avoid one-track marketing of products. An enterprise should not indiscriminately expand its own marketing operations, nor should it rely entirely on the distribution departments to sell its products. It needs both. It should let the distribution departments market some of its products and sell the rest by itself. It should make full use of the exhibition sales units of the production departments; the wholesale and retail stations of the commerce departments; the rural marketing networks of the supply and marketing cooperatives; the hardware, machinery and electrical appliances corporations of the material supply departments; and the light industrial and textile product import and export corporations of the foreign trade departments as well as subscriptions and mail orders in order to coordinate supply, production, marketing, industry, commerce and trade in a joint effort to achieve diversified and flexible operations.

Third, promote the lease of mechanical and electrical equipment. Since some end-users do not want to keep any equipment they do not use frequently, expanded lease service will help meet their needs and put the "idle" equipment to active use.

Fourth, strengthen interregional exchanges. The various local offices of economic cooperation may take the initiative to organize different networks of cooperation to run bazaars of product exchange and distribution to promote the sale of unmarketable commodities and help supply each other's needs.

Fifth, make full use of advertisements' to disseminate information to link up production and marketing, guide consumption and open up more marketing channels.

Furthermore, the overstocked mechanical and electrical appliances and parts of the light industrial and textile products may be reprocessed, modified and discounted for sale so as to recapture the cost and help put more funds in circulation. Both industry and commerce should share both gains and losses to avert the anomaly of "industrial elation, commercial dejection, overstocking of products and unrealized revenues" and achieve greater microeconomic and macroeconomic effectiveness.

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## DOMESTIC TRADE

### EXPANSION OF SHANGHAI'S COMMERCIAL NETWORKS, CENTERS

Shanghai JIEFANG RIBAO in Chinese 26 Jan 84 p 1

#### Article: "Further Expansion in Shanghai's Commercial Networks"

Text More new residential areas have led a greater expansion of commercial networks and centers, making shopping much easier for the residents and trading more brisk. According to incomplete statistics, nearly 300 new state-operated commercial centers, covering more than 60,000 square meters, were established last year.

Large numbers of residential centers, such as Huangpu, Nanshi and Hongkou, were built last year in many districts. The city has established new commercial networks and centers of more than 40,000 square meters in these residential centers. Convenience stores are all over in most of the residential centers. There are also clusters of stores integrated by trade nearby which offer more extensive commercial services. They are basically enough to provide the residents with the "seven daily necessities." When the new residential houses built in Pudong by the Nanshi and Huangpu districts were ready for occupancy, the responsible department promptly set up a general shopping center and big indoor grocery market. The residents are so pleased that they claim: "There is no need to leave the village to buy fuel, rice, oil, salt and vegetables, nor is it necessary to cross the river to buy daily necessities." Many stores received letters from the people the day they opened for business praising the "good deeds" of the people's government. A school teacher of the Shanghai Steel Mill's No 7 village who used to travel over 2 li every Sunday to buy coal can now buy all the daily necessities in nearby stores. Some of the residents who had once refused to move into the houses allotted them due to difficulties in shopping are now moving into their new homes one another another as the commercial networks are established.

To meet the needs of the masses, more stores integrated by trade were set up last year to complete the commercial networks in the densely populated areas. The Xuhui District has added over 10 food, grain, tobacco, sugar and service centers at the Dong An and Rihui residential centers. The Dong An new village, a residential center with nearly 60,000 residents, did not have a bathhouse. A Dongan bathhouse capable of serving over 1,000 customers per day has been built to solve "the problem of bathing" which had confronted the residents. The newly-established grain store on Lingling Road is a delight to the nearby residents who claim: "An additional store makes things convenient for thousands of people."

Tens of stores along the Jinling Road East were remodeled and opened for business in the latter part of 1982. Fifteen more stores specializing in distinctive and famous brands were set up in 1983. Now the entire Jinling Road is lined with specialized, distinctive and famous-brand stores covering many lines of trade. The tourists who pass by call it "a true carbon copy of the Nanjing Road." Nearly 30 more stores representing over 10 different specialized and distinctive trades, including clothing for the young, middle-aged and old people, decorative metal-works, advance-precision educational instruments, manufactured gifts, jewelry and color photographs, were added in 1983 to meet the needs of the people for home beautification and the study of science and culture as their standard of living improves. The Dachonghua Home Electric Appliance Shop, the largest in the whole city, and the Meiluo Home Electric Appliance Shop on the new Jinling Road East are packed with customers every day. The business is brisk indeed.

The networks of commercial service cooperatives have also expanded considerably to play an active role in meeting the needs of the masses for daily necessities and consumer goods. There are now 3,084 commercial service cooperatives (not including commercial services run by individuals) with more than 50,000 employees. They are located all over the city streets and alleys of both old and new residential centers. Small but actively run, they are a delight to the masses as they offer diversified and attentive services.

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## FOREIGN TRADE AND INVESTMENT

### REPORTAGE ON TIANJIN ECONOMIC COOPERATION CONFERENCE

Conference Opens 11 June

OW112048 Beijing XINHUA in English 1642 GMT 11 Jun 84

[Text] Tianjin, June 11 (XINHUA)--An international conference on investment and economic and technical cooperation, jointly sponsored by the Tianjin Co-operation, jointly sponsored by the Tianjin branch of the China Council for the Promotion of International Trade and the AGS Management Consultants Pte Ltd of Singapore, opened here today. Attending the conference were representatives of 24 firms from Hong Kong and 13 countries including Singapore, New Zealand, Tunisia, Denmark, the Netherlands, Britain, Australia, Belgium, the United States, Switzerland and Finland.

Tianjin Foreign Economic and Trade Committee, and branches of the International Economic and Technical Cooperation Corporation, the International Trust and Investment Corporation, the Economic Development Corporation, the new Technology Development Company and the Bank of China, will give briefings on China's open-door policies and preferential treatments as well as their business scopes and idea on economic and technical cooperation. A number of cooperative projects and joint ventures will be offered for discussion and negotiation.

The conference will run through to June 16.

Attracts Overseas Investors

OW161611 Beijing XINHUA in English 1455 GMT 16 Jun 84

[Excerpts] Tianjin, June 16 (XINHUA)--For joint venture agreements and six memoranda or letters of intent on joint ventures were concluded at the six-day international economic cooperation conference that closed here today.

The city's policy to open wider to the outside world has aroused growing interest among overseas investors, a spokesman for the conference said.

The agreements and memoranda on joint ventures so far concluded cover food-stuffs, building materials, furniture, garment, metallurgy, light industry and contracted building projects.

The Tianjin Economic Development Corporation and Kim Seah Holdings Pte Ltd of Singapore signed a fashion dress joint venture agreement and an agreement on joint management of a building fitting up company. The International Trust and Investment Corporation and the Furniture Industrial Company signed a 10-year contract with Dupont International Ltd of Australia to produce 100 spring beds a day.

A letter of intent for contracted construction projects and provision of labor and technical service was signed between Koh Brothers Building and Civil Engineering Contractor Pte Ltd of Singapore and the Tianjin International Economic and Technical Cooperation Corporation.

Representatives of 24 firms from Hong Kong and 13 countries expressed satisfaction with the conference. Some participants said they would look into possibilities for further cooperation.

CSO: 4020/145

BANK GOVERNOR REVEALS PHILLIPPINES LOAN RISKS

OW150011 Taipei CHINA POST in English 10 Jun 84 p 8

[Text] The Republic of China's Central Bank governor today told legislators that a proposed 80 million to 100 million U.S. dollar loan to the Philippines runs too high a risk.

Answering a legislative interpellation, Chang Chicheng said that as the matter involved political as well as diplomatic factors, only the Executive Yuan (Cabinet) could make a decision.

Jeffrey L. S. Koo, chairman of the Chinese-Philippine Business Council, left for Manila Thursday at the invitation of Philippine President Ferdinand Marcos.

Overtly, Koo went to Manila to exchange views with Marcos on promoting economic and trade ties between the two countries, which severed diplomatic relations in 1975.

However, official sources said that his main mission was to negotiate a short-term loan from the ROC to the Philippines to the tune of 80 million to 100 million U.S. dollars.

But Legislator Chung Jung-chi questioned the government plan to extend the huge loan because it won't reap any political or economic benefits.

Chung said the government should take the opportunity to solve the ROC's fishing problems on Philippine waters.

Many ROC fishermen have been arrested by the Philippine naval and harassed by pirates in waters disputed by the two countries, Chung said. [Sentence as received]

If the government extends the loan, it should also settle this problem, he said.

The ROC, on the other hand, has accumulated a foreign exchange reserve of 15 billion U.S. dollars, according to official statistics.

Government officials here said that the ROC's rich reserves had apparently caught the eyes of the Philippines.

Informed sources said the Philippine Government approached the Taipei Government as early as January this year for a loan to help it relieve some of its financial burden.

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**31 July 1984**